

Holland & Knight

701 Brickell Avenue, Suite 3300 | Miami, FL 33131 | T 305.374.8500 | F 305.789.7799
Holland & Knight LLP | www.hklaw.com

Juan C. Zorrilla
(305) 789-7538
juancarlos.zorrilla@hklaw.com

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Certified Mail, Return Receipt Requested

Clifford J. White, III, Director
Executive Office for U.S. Trustees
441 G Street, NW, Suite 6150
Washington, DC 20530

**Re: *TerreStar Corporation, et al. Debtor; United States Bankruptcy Court, SDNY
Case No. 11-10612 (SHL)***

Dear Mr. White:

I am writing to you on behalf of my client, Mr. Aldo Perez, a common shareholder of TerreStar Corporation which, until TerreStar Corporation filed for Chapter 11, was a publically-traded company. Mr. Perez, and numerous other common shareholders of TerreStar Corporation lost their life savings when TerreStar Corporation was taken over by a few TerreStar Corporation insiders who purchased the assets of the company for pennies on the dollar, manipulated the entire bankruptcy process for their own personal gain and were able to have confirmed a Chapter 11 Plan which cancelled the shares of all equity-holders so that the common stock (and billions of dollars in assets) could be held exclusively by these few insiders/control parties.

I understand that the "mission of the United States Trustee Program is to promote the integrity and efficiency of the bankruptcy system for the benefit of all stakeholders – debtors, creditors, and the public." With all due respect, in my view, and in the view of the numerous equity-holders of this publically traded company, the United States Trustee Program failed miserably to fulfill its mission or its role in connection with the TerreStar Corporation Chapter 11 case.

On behalf of Mr. Perez and at his request, for the other similarly-situated common shareholders of TerreStar Corporation, we request that you appoint someone in your office to undertake an internal investigation of how the Office of the United States Trustee monitored and handled the bankruptcy proceedings of TerreStar Corporation and, by not interceding, allowed the fraud that its insiders and control parties perpetrated in the course of this Chapter 11 case.

The fraud -- which was reported by several of the shareholders to the United States Trustee's Office on numerous occasions -- is summarized below and is more fully detailed and fleshed out in the presently pending Adversary Complaint filed on behalf of Mr. Perez (a copy is enclosed for your review) seeking to revoke the confirmation of TerreStar Corporation's Third Amended Plan of Reorganization:

1. TerreStar Corporation should have never been able to petition for bankruptcy relief in the Southern District of New York. The insiders of TerreStar Corporation and its Counsel engaged in a scheme to manufacture venue for the multiple TerreStar entities in the Southern District of New York. If not for these dishonest and fraudulent actions, none of the TerreStar entities could have filed these bankruptcy cases in the Southern District of New York, which is the venue that is reputed to be the most debtor-friendly and insider-friendly in the United States.

All of the TerreStar entities (except, as detailed below, TerreStar New York, Inc.) are incorporated in the State of Delaware and each of the entities has its principal place of business in Fairfax County, Virginia. There were thirteen (13) TerreStar entities that filed a Chapter 11 Petition on October 19, 2010:

- a. TerreStar Networks, Inc.
- b. TerreStar New York, Inc.
- c. Motient Communications, Inc.
- d. Motient Holdings, Inc.
- e. Motient License, Inc.
- f. Motient Services, Inc.
- g. Motient Ventures Holdings, Inc.
- h. MVH Holdings, Inc.
- i. TerreStar License, Inc.
- j. TerreStar National Services, Inc.
- k. TerreStar Networks (Canada), Inc.
- l. TerreStar Networks Holdings (Canada), Inc.
- m. 0887729 B.C. Ltd.

Two other TerreStar entities filed Chapter 11 petitions on February 16, 2011; TerreStar Corporation (the company in which Mr. Perez was a shareholder) and TerreStar Holdings, Inc.

In order to take advantage of the favorable venue of the Southern District of New York, the TerreStar entities manufactured it. As you know, venue for a Chapter 11 case is set forth in 28 U.S.C. § 1408, which provides as follows:

[A] case under title 11 may be commenced in the district court for the district --

(1) in which the domicile, residence, principal place of business in the United States, or principal assets in the United States, of the person or entity that is the subject of such case have been located **for the one hundred and eighty days immediately preceding such commencement**, or for a longer portion of such one-hundred-and-eighty-day period than the domicile, residence, or principal place of business, in the United States, or principal assets in the United States, of such person were located in any other district; or

(2) in which there is pending a case under title 11 concerning such person's affiliate, general partner, or partnership.

The TerreStar entities are all incorporated in Delaware and have their principal place of business in Fairfax, Virginia. Therefore, none of these entities would be allowed to select the Southern District of New York as the venue for a Chapter 11 case. So, TerreStar hatched a scheme to 'purchase' a shell corporation which was incorporated in New York and use that as a vehicle to manufacture venue for these multi-billion dollar corporations in the Southern District of New York by piggy-backing the fourteen (14) other Chapter 11 cases on this shell corporation using the 'affiliate' provisions of 28 U.S.C. § 1408(A)(2).

The corporate history of TerreStar New York, Inc. shows that it was originally incorporated in December 2008. It was not incorporated by any party affiliated with any of the fourteen (14) TerreStar entities but, rather, was incorporated by a company called Wyoming Corporate Services, Inc. (which operates in Wyoming).

Wyoming Corporate Services, Inc. is in the business of incorporating companies both in Wyoming and across the United States (see www.wyomingcompany.com). One of the services which Wyoming Corporate Services, Inc. offers is the opportunity to purchase an "aged shelf" corporation in the State of your choice. Regarding this service, Wyoming Corporate Services, Inc. offers the ability to purchase a "clean" but "aged" corporation in any State (i.e., New York) which has "never been used and as such [has] no credit or assets") The older/more "aged"

the corporation, the more money it costs to purchase the "shelf" corporation (see www.wyomingcompany.com/aged-corporation).

In order to manufacture venue in the Southern District of New York for all of the TerreStar-related entities, sometime around March 2010, TerreStar Corporation purchased an aged New York shelf company from Wyoming Corporate Services, Inc. This shelf corporation, originally named "Worldwide Imaging, Inc.," was at least 180 days old (to meet the requirements of 28 U.S.C. 1408(A)(1)). On March 10, 2010, TerreStar Corporations's General Counsel changed the name from Worldwide Imaging, Inc. to TerreStar New York, Inc. in order to give the impression that TerreStar Corporation had a presence in New York.

On October 19, 2010 (exactly 233 days after the name change), TerreStar New York, Inc. was the first of the TerreStar-related entities to petition for Chapter 11 relief. The other fourteen (14) TerreStar entities (all incorporated in Delaware with a principal place of business in Fairfax, Virginia) filed Chapter 11 petitions soon thereafter (many of which filed later that day). They all used the 'affiliate' provision of 28 U.S.C. 1408(A)(2) in order to be able to file their respective Chapter 11 petitions in the Southern District of New York.

TerreStar's 'presence' in New York was nothing more than an address and telephone number of a call center unaffiliated with TerreStar located at 545 Eighth Avenue, Suite 401, New York, New York. Its only asset was a single \$5,000 deposit in an account in the name of TerreStar New York, Inc. (which account was in a bank in Vienna, Virginia). This bank account was funded by TerreStar Corporation and TerreStar New York, Inc. scheduled a corresponding \$5,000.00 "intercompany payable" on Schedule F of its initial bankruptcy documents.

Accordingly, TerreStar's purchase -- approximately 7 months prior to the petition dates -- of this "aged shelf" company in New York, which had no business, no directors and no employees, was simply a ruse to manufacture venue in the Southern District of New York when it would not otherwise exist. This purchase (and this bankruptcy scheme) was orchestrated by the insiders of TerreStar so that they could set the stage for their bankruptcy scheme.

2. Equally important and fraudulent is the fact that, at all times leading up to the Chapter 11 petition, TerreStar Corporation was controlled and manipulated by three controlling preferred shareholders: Highland Capital Management, L.P ("Highland"), Solus Alternative Asset Management, LP

("Solus") and Harbinger Capital Partners LLC ("Harbinger"). These parties had substantial funding and, as insiders and control-parties, were able to take advantage of TerreStar Corporation's corporate assets/funding to further their scheme and protect their interests.

On numerous occasions throughout the bankruptcy process, Mr. Perez and other common shareholders pled for the assistance of the United States Trustee and separately sought the appointment of an independent examiner (under 11 U.S.C. § 1104) to (a) to investigate the allegations of fraud, misconduct, mismanagement and other irregularities by those in control of TerreStar Corporation and (b) to obtain an independent valuation of the multi-billion dollar assets of TerreStar Corporation. The fraud, misconduct, mismanagement and other irregularities, which needed to be investigated involved and/or implicated Harbinger, Highland and Solus (and/or their affiliated companies). Mr. Perez and the common shareholder asserted throughout the proceedings that certain of the assets of TerreStar Corporation had been diverted prior to the bankruptcy and the assets being administered in the bankruptcy were being undervalued by billions of dollars. The common shareholders, however, lacked the representation and the financial wherewithal to effectively pursue these claims. They turned to the United States Trustee's Office for help, but their pleas for an independent examiner and the appointment of a committee of equity holders fell on deaf ears.

Now that the assets are all owned and controlled by the preferred shareholders/insiders (and the common shareholders have nothing), two of these parties are battling one another in another bankruptcy proceeding seeking to control different telecommunications satellites/assets. As more fully detailed in the enclosed Adversary Complaint, two of the parties who fleeced TerreStar Corporation of its assets, Charles Ergen and Phillip Falcone (through various companies they control) have turned on each other. Indeed, Mr. Falcone is accusing Mr. Ergen of doing exactly what Mr. Perez has been asserting throughout this Chapter 11 case: manipulating the value of TerreStar Corporation's assets by holding controlling positions and influencing the restructuring process so that he could purchase various assets at a significant discount to the detriment of the former shareholders of TerreStar Corporation. See DE 1371 in *In re Lightsquared Inc.*, USBC, SDNY Case Number 12-12080. These manipulative practices were the subject of United States Bankruptcy Judge Shelley C. Chapman's Post-Trial Findings of Fact and Conclusions of Law in an adversary proceeding associated with that same case. See DE 165 in *Lightsquared LP, et al. v. SP Special Opportunities LLC*, USBC, SDNY Adv. Pro. No. 13-01390.

3. The parties who were perpetrating this fraud and manipulating the bankruptcy process for their own personal gain were in control of the Debtor, TerreStar Corporation, and were able to use company funds to perpetrate their scheme. On multiple occasions throughout the pendency of the Chapter 11 Case, Mr. Perez and other similarly situated shareholders, implored the United States Trustee's Office to take an interest in their case and to fulfill its role as a "watchdog over the bankruptcy process." Their requests were ignored.

Thus, numerous shareholders, including Mr. Perez, sought the appointment of an independent examiner. Their requests were denied by the Bankruptcy Court. The denial was primarily based upon the fact that one of the largest creditors of TerreStar Corporation, Elektrobite, Inc. ("Elektrobite") had the financial wherewithal to, and in fact was, seeking to determine the true value of the assets of TerreStar Corporation and was actively taking discovery to expose the substantial undervaluation (by billions of dollars) being proffered by the insiders of TerreStar Corporation. However, when Elektrobite got too close to exposing the fraud, TerreStar Corporation entered into a settlement with Elektrobite and bought their silence. At this point, the United States Trustee's Office should have assumed its rightful position as the watchdog over this case. It did not.

Mr. White, there is no question that the insiders/control parties of TerreStar Corporation were able to perpetrate their fraud and misdeeds without any oversight. Many of the common shareholders, like Mr. Perez, were mom-and-pop investors who had lost his/her life savings. None of them had the financial wherewithal to uncover this scheme. None of them had the resources to do so. If not for my long-standing friendship with Mr. Perez, he would not have been able to retain my services to provide him with the assistance I have been able to provide him in this case. This case is a clear example of the United States Trustee Program not promoting the integrity and efficiency of the bankruptcy system and failing in its role as the "watchdog over the bankruptcy process."

I request that you review the enclosed Adversary Complaint and that you immediately appoint someone in your office and/or assemble a committee to investigate the self-dealing and fraud perpetrated here.

ord J. White, III, Director
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If you require any additional information or documentation regarding any of the information outlined above, please let me know at your earliest convenience.

Thank you for your time and your consideration.

Sincerely yours,

HOLLAND & KNIGHT, LLP



Juan C. Zorrilla

JCZ:pbb
Enclosure

Copies furnished by Certified Mail, Return Receipt Requested to:

U.S. Department of Justice
Office of the Inspector General
Attn: Michael Horowitz / Investigation Division
950 Pennsylvania Avenue N.W.
Suite # 4706
Washington, D.C. 20530
email: InspectorGeneral@USDOJ.Gov

Securities Exchange Commission
Attn: Mary Jo White, Chairman
450 Fifth Street, N.W.
Washington, D.C. 20549
email: ChairmanOffice@SEC.Gov

United States Department of Justice
Attn: Tony West, Assistant Attorney General
Civil Division
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530-0001
(202) 514-2000